GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4072
ANSWERED ON:18.04.2002
RECOVERY OF DEFICIT OF OIL COMPANIES
RAGHUNATH JHA

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether oil refineries and marketing companies were allowed return of 12 per cent post tax net worth and the oil producing companies were allowed operating cost and 15 per cent post tax return;

(b) if so, whether the oil companies are under deficit inspite of regular increase in the domestic oil prices; and

(c) if so, the measures, the Government have taken/propose to be taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS AND MINISTER OF STATE IN THE MINIS PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a): The oil refineries were under the administered pricing mechanism (APM) upto31/03/98 and the oil marketing companies were under APM upto 31/03/2002. During the period the oil refineries/oil marketing companies were under APM, they were compensated operating costs and return at 12% post tax on networth (from 01-04-1984 onwards).

The indigenous PSU crude oil producers were under APM upto 31/03/98 during which the well ahead price of crude oil paid to them was the weighted average of cost of production of ONGC and OIL plus 15% return net on tax on capital employed (from 16/09/92 onwards).

(b) & (c): As the Oil Pool account was under deficit during the APM period, the Oil companies had certain outstanding against the post account. The Government has issued bonds worth Rs.9000 crore on 30th March 2002 to the oil companies to liquidate a part of these outstandings. For the balance outstandings, it has been decided to issue bonds after the audit of C&AG.